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BEFORE THE ARIZONA CORPORATION CC.

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ARIZONA CORPORATION COMMISSION
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Arizona Corporation Commission

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IN THE MATTER OF THE REVIEW AND)
POSSIBLE REVISION OF ARIZONA)
UNIVERSAL SERVICE FUND RULES,)
ARTICLE 12 OF THE ARIZONA)
ADMINISTRATIVE CODE.)

DOCKET NO. RT-00000H-97-0137

IN THE MATTER OF THE INVESTIGATION OF)
THE COST OF TELECOMMUNICATIONS)
ACCESS)

DOCKET NO. T-00000D-00-0672

NOTICE OF FILING

Eschelon Telecom of Arizona, Inc., Mountain Telecommunications, Inc. and Electric
Lightwave, LLC., hereby provide notice of filing Initial Comments in the above-referenced
matter.

Dated this 14th day of May, 2012.

Respectfully submitted,

Douglas Denney

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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

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25 **INITIAL COMMENTS OF INTEGRA TELECOM**

26
27 Eschelon Telecom of Arizona, Inc., Mountain Telecommunications, Inc., and Electric
28 Lightwave, LLC. (collectively referred to as “Integra”) respectfully file these comments in
29 response to the Commission’s *Procedural Order* seeking comments and recommendations from
30 parties on a number of issues.¹ Although the *Procedural Order* seeks comments and
31 recommendations on a number of issues,² Integra’s comments will focus on the impact of the

¹ Procedural Order, In the Matter of the Review and Possible Revision of Arizona Universal Service Fund Rules, Article 12 of the Arizona Administrative Code and In the Matter of the Investigation of the Cost of Telecommunications Access, Docket Nos. RT-00000H-97-0137 and T- 00000D-00-0672, March 20, 2012, p. 4 (“Procedural Order”).

² Procedural Order, pp. 4-6.

1 FCC's *CAF Order*³ on Intrastate access reform and why no further action is required from the
2 Commission at this time with respect to intrastate access.

3 **Issue 1:** In light of the *CAF Order*, is there a need for the Commission to determine what
4 carriers should be covered by access reform, or a target level for intrastate access
5 charges? Does the *CAF Order* address all access charge rate elements that have been
6 addressed in these dockets? If not, should the Commission take action with respect to
7 these rate elements? Does it make sense for the Commission to act on access charge
8 reform while the *CAF Order* is on appeal, or while the FCC continues to consider
9 comments on the Order?
10

11 The *CAF Order* subjected all local exchange carriers ("LECs") to intrastate access reform
12 and mandates changes to intrastate access rates.⁴ The most significant of these changes takes
13 effect July 1, 2012, when LECs are required to adjust intrastate terminating access rates toward
14 interstate terminating access rates.⁵ In addition, the *CAF Order* and subsequent order on
15 reconsideration addressed intrastate originating access for calls that originate or terminate as
16 VoIP.⁶ The *CAF Order* did not address intrastate originating access for calls originated and
17 terminated in TDM⁷ (non-VoIP), but indicated it will address these rates in the further notice of
18 proposed rulemaking, for which comments are already underway.⁸ It is not necessary or
19 desirable for this Commission to act on any additional access charge reform in light of the
20 current activity of the FCC on the subject.

21 The *CAF Order* has already placed a large burden on LECs that bill access. The order
22 has resulted in carriers (1) changing or altering billing systems to account for percent VoIP usage
23 (PVU)⁹ factors; (2) reviewing PVU factors provided by other carriers; (3) renegotiating CMRS

³ Report and Order and Further Notice of Proposed Rulemaking, In the Matter of Developing an Unified Inter-carrier Compensation Regime, CC Docket 01-92, CC 11-161, released November 18, 2011 ("CAF Order").

⁴ *CAF Order*, ¶ 801.

⁵ See for example 47 C.F.R. § 51.911 describing the transition process for competitive LECs.

⁶ See Second Order on Reconsideration, In the Matter of Developing an Unified Inter-carrier Compensation Regime, CC Docket 01-92, FCC 12-47, released April 25, 2012, ¶ 2.

⁷ Time Division Multiplexing.

⁸ *CAF Order*, ¶ 1298.

⁹ Percent VoIP Usage.

1 agreements; (4) planning for near term (July 1, 2012) required tariff changes; and (5) planning
2 for longer term tariff changes and the resulting significant reductions in terminating access
3 revenue. Taking action in addition to what has already been put in motion by the FCC will
4 further tax LEC resources and add to the difficulty in implementing the *CAF Order*.

5
6 **Issue 3:** Given the *CAF Order*, does the Commission need to establish procedures to
7 implement intrastate access reform? And if, yes, what procedures are recommended.
8

9 The Commission does not need to establish procedures to implement intrastate access
10 reform. Under the *CAF Order* LECs are required to file intrastate access tariffs with intrastate
11 terminating rate reductions effective July 1, 2012.¹⁰ The Commission's current policies and
12 procedures for dealing with tariff filings are sufficient to allow for implementation of the *CAF*
13 *Order*.¹¹
14

15 **Issue 4:** Given the *CAF Order*, does there remain a need to address the question of
16 whether carriers should be permitted to contract for access rates that differ from their
17 tariffed rates? If there is still a need, is the current record sufficient to resolve the issue?
18

19 The Commission does not need to address the issue as to whether carriers should be
20 permitted to contract for access rates that differ from their tariffed rates. The FCC made clear in
21 its *CAF Order*, "The transition we adopt sets a default framework, leaving carriers free to enter into
22 negotiated agreements that allow for different terms."¹² This unambiguous statement from the FCC
23 makes it unnecessary for the Commission to act on the issue.
24

¹⁰ See, for example, 47 C.F.R. § 51.911 describing the transition process for competitive LECs.

¹¹ See, for example, Arizona Administrative Code R14-2-1106.

¹² *CAF Order*, ¶ 739.

1 **Issue 8:** In light of the *CAF Order*'s reference to the role of states in the implementation
2 of the reforms addressed in that Order, should the Commission take further action in
3 these dockets? If yes, what?
4

5 No further action is required from the Commission with respect to intrastate access rates
6 in these dockets. The Commission's current policies and procedures for dealing with tariff
7 filings are sufficient to allow for implementation of the *CAF Order*.¹³
8

9 **Issue 10:** Should the Commission seek carrier-specific information about the anticipated
10 impact of the FCC's *CAF Order* on carrier revenues? If yes, from all carriers or, e.g.,
11 only from rate of return carriers?
12


13 With respect to Competitive LECs, there is no reason for the Commission to seek carrier-
14 specific information about the anticipated impact of the FCC's *CAF Order* on carrier revenues.
15 Competitive LECs are not seeking cost recovery through regulated rates or through the Access
16 Recovery Charge ("ARC") mechanism and therefore there is no action the for the Commission to
17 take with respect to revenue lost by Competitive LECs.
18

19 **Issue 11:** Are there any other issues that can or should be addressed in these dockets? If
20 yes, how should they be addressed procedurally?
21

22 There are no additional issues, that have not already been raised in these dockets, that
23 need to be addressed by the Commission.
24

¹³ See, for example, Arizona Administrative Code R14-2-1106.

Respectfully submitted,



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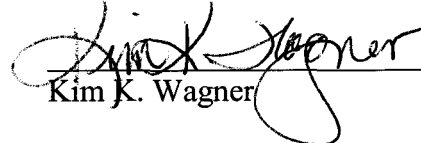
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